

**LONG ISLAND HOUSING SERVICES, INC.**

**Financial Statements, Schedule of Expenditures of Federal Awards  
and Auditor's Reports Required under Office of Management and  
Budget Uniform Guidance**

**JUNE 30, 2023**

**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

**LONG ISLAND HOUSING SERVICES, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2023**

	<u>Page(s)</u>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements:</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-14
<b>Supplementary Information:</b>	
Schedules of Expenditures of Federal Awards for the Year Ended June 30, 2023	15
Notes to Schedule of Expenditures of Federal Awards June 30, 2023	16
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	17-18
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2023	19-20
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	21
Attachment A	22



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Long Island Housing Services, Inc.**

**New York, New York**

### **Opinion**

I have audited the accompanying financial statements of Long Island Housing Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Long Island Housing Services, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Long Island Housing Services, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Housing Services, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:



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- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Long Island Housing Services, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Long Island Housing Services, Inc. ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

#### **Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, I have also issued my report dated February 5, 2024, on my consideration of Long Island Housing Services, Inc. internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Long Island Housing Services, Inc. internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Long Island Housing Services, Inc. internal control over financial reporting and compliance.

***Long Island Financial Management Services***

February 5, 2024

Wantagh, New York

Page 2

**Long Island Housing Services, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2023**

Assets

Cash and Cash Equivalents (Notes B)	\$ 1,053,646
Grants and Contract Receivable (Note C & O)	718,618
Prepaid Expenses (Note D)	23,727
Property and Equipment, net (Note E)	54,060
Security Deposit	5,797
Total Assets	<u>\$ 1,855,848</u>

Liabilities and Net Assets

Liabilities

Accounts Payable & Accrued Expenses (Note F)	\$ 16,732
Accrued Payroll & Related Liabilities (Note G)	46,142
Accrued Compensated Absences (Note H)	87,781
Deferred Revenue (Note I)	205,875
Total Liabilities	<u>356,530</u>

Net Assets

Without Donor Restriction	1,342,393
With Donor Restriction (Note M)	156,925
Total Net Assets	<u>1,499,318</u>
Total Liabilities and Net Assets	<u>\$ 1,855,848</u>

See Independent Auditor's Report and Notes to Financial Statements

**Long Island Housing Services, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support And Revenues:</b>			
Government and Grant Revenue	\$ 2,049,197	\$ -	\$ 2,049,197
In-Kind Legal Services (Note K)	25,250	-	25,250
In-Kind Consulting Services (Note K)	44,800	-	44,800
Grant Revenue	6,725	-	6,725
Settlement Income	15,000	156,925	171,925
Contributions	6,760	-	6,760
Special Events, net of direct expense	22,528		22,528
Interest Income	1,485	-	1,485
Total Revenues	2,171,745	156,925	2,328,670
<b>Expenses:</b>			
Program Services	1,692,823	-	1,692,823
Management and General	231,537	-	231,537
Fundraising and Development	22,510	-	22,510
Total Expenses	1,946,870	-	1,946,870
Operating Change in Net Assets	224,875	156,925	381,800
Net Assets Released from Restrictions	-	-	-
Change in Net Assets	224,875	156,925	381,800
Net Assets at Beginning of Year	1,117,518	-	1,117,518
Net Assets at End of Year	\$ 1,342,393	\$ 156,925	\$ 1,499,318

**See Independent Auditor's Report and Notes to Financial Statements**

**Long Island Housing Services, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

Cash Flow from Operating Activities:	
Change in Net Assets	\$ 381,800
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	9,356
Changes in Operating Assets and Liabilities	
Increase in Accounts Receivable	(38,715)
Increase in Prepaid Expenses	(375)
Decrease in Accounts Payable and Accrued Expenses	(2,064)
Increase in Accrued Payroll and Related Liabilities	30,354
Increase in Accrued Compensated Balances	21,425
Decrease in Deferred Revenue	(37,682)
Net Cash Provided by Operating Activities	<u>\$ 364,099</u>
 Cash Flow from Investing Activities	
Purchase of Equipment	\$ (44,668)
Net Cash Used in Investing Activities	<u>\$ (44,668)</u>
 Net Increase in Cash	\$ 319,431
 Cash at Beginning of Year	<u>\$ 734,215</u>
 Cash at End of Year	<u><u>\$ 1,053,646</u></u>

Supplemental Required Disclosure: Interest Expense paid in 2023 - \$0

**See Independent Auditor's Report and Notes to Financial Statements**

**Long Island Housing Services, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 1,116,274	\$ 85,486	\$ 12,987	\$ 1,214,747
Payroll Taxes and Employee Benefits	235,531	3,281	994	239,806
Professional and Consulting Fees	104,040	28,769	3,000	135,809
Office Expenses	24,107	3,334	110	27,551
Occupancy	115,047	1,761	-	116,808
Equipment	38,907	301	-	39,208
Travel	14,796	905	-	15,701
Insurance	2,991	10,971	-	13,962
Payroll Fees and Recruiting	8,530	1,769	-	10,299
Dues, Charges & Subscriptions	5,320	1,202	2,135	8,657
Postage and Delivery	9,824	1,695	-	11,519
Marketing and Advertising	13,286	1,471	1,754	16,511
Contributed Services-Legal	-	25,250	-	25,250
Contributed Services-Consulting	-	44,800	-	44,800
Conferences & Training	4,170	-	1,530	5,700
Depreciation	-	9,356	-	9,356
Bad Debt Expense	-	11,186	-	11,186
Total Expenses	<u>\$ 1,692,823</u>	<u>\$ 231,537</u>	<u>\$ 22,510</u>	<u>\$ 1,946,870</u>

See Independent Auditor's Report and Notes to Financial Statements



**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A: NATURE OF ORGANIZATION**

Long Island Housing Services, Inc. (the "Organization") is a private, nonprofit, fair housing counseling and enforcement agency which provides its services throughout Nassau and Suffolk Counties in New York State. The mission of the Organization is the elimination of unlawful housing discrimination and promotion of decent and affordable housing through advocacy and education. The Organization was established in 1969.

In the matter of fair housing, the Organization assists in investigations, informal resolution or complaint filing and facilitates enforcement of fair housing laws through administrative or judicial action. The Organization provides education and advocacy services regarding topics of fair housing and unlawful discrimination, tenants' rights, mortgage issues related to purchase, refinance, delinquency foreclosure prevention and anti-predatory lending. The Organization does not charge fees to the clients it serves.

The Organization was incorporated in 1977 and is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within the requirements of the Code.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Long Island Housing Services, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The *Financial Accounting Standards Board* (FASB), is the standard-setting body for establishing accounting and reporting principles.

Financial Statement Presentation

Financial Statement Presentation -The Organization's net assets and related changes are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and related changes therein are reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. All gifts and bequests are considered unrestricted unless specifically restricted by the donor.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Statement Presentation (continued)

Net Assets with Donor Restrictions – net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained permanently. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has \$156,925 of donor restricted net assets as of June 30, 2023.

Adoption of Accounting Standards

ASU 2020-07, Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (“Gifts-in-Kind”) was adopted by the Organization for the year ended June 30, 2023. The core guidance in ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations, including transparency on how those assets are used and how they are valued. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs. The amendments did not change existing recognition and measurement requirements for those assets. The adoption of ASU 2020-07 did not result in changes to the Organization’s financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As of June 30, 2023, the Organization had no leases that would be subject to ASU 2016-02.

New Accounting Pronouncements Not Yet Effective

FASB has issued certain accounting standards updates as of June 30, 2023, that will become effective in subsequent periods. Management believes that none of the updates would have significantly affected the Organization’s financial accounting measures or disclosures had they been in effect during the fiscal year ended June 30, 2023, and does not believe that any of those pronouncements will have a significant impact on the Organization’s financial statements at the time that they become effective.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue and Expense Recognition

Revenues are generally recognized when earned and expenses are generally recognized when incurred. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets, other than cash are recorded at their estimated fair value at the date of contribution.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The Organization's cash accounts are maintained at financial institutions which provide Federal Depository Insurance Coverage (FDIC) for this type of account.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Functional Expenses Allocation

All costs of providing various programs, other activities and general expenses have been summarized in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

In-kind Contributions

Long Island Housing Services, Inc. receives, recognizes, and records, in-kind contributions when services or goods are donated that: 1) create or enhance nonfinancial assets or 2) requires specialized skills and is provided by someone possessing those skills and typically would be purchased, if not donated. In-kind contributions are recorded at fair market value as unrestricted donated services for the respective recipient program, on the schedule of functional expenses and on the statement of activities. Contributed services or goods that do not meet the above criteria are not recognized as revenue in the accompanying financial statements.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization believes it has no uncertain tax positions as of June 30, 2023, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable units be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s assumption about inputs market participants would use at the measurement date.

The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 – Valuation based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Valuation based on quoted prices for similar assets or liabilities in active markets; for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Grants and Contracts Receivable

Grants and contracts receivable are comprised of federal, state, county and various other funds expected to be received within the upcoming year. Based on payment history and subsequent receipts, management believes that no allowance for uncollectible amounts is necessary.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE C: GRANTS AND CONTRACTS RECEIVABLE**

As of June 30, 2023, Grants and Contracts Receivables was comprised of the following:

Community Development Block Grants	\$150,818
New York Mortgage Coalition	16,475
US Department of Housing & Urban Development	337,355
State of New York Mortgage Agency	72,128
Suffolk County Department of Law	140,910
Miscellaneous	932
<b>Total</b>	<b><u><u>\$718,618</u></u></b>

These amounts are generally collected within one year. The Organization wrote off \$11,186 of prior year receivables for the year ended June 30, 2023. The Organization believes the remainder of its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded against this balance.

**NOTE D: PREPAID EXPENSES**

Prepaid expenses totaled \$23,727 as of June 30, 2023. The amounts included in prepaid expenses were for insurance premiums paid in advance, storage fees paid in advance and prepaid postage.

**NOTE E: PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS**

Fixed assets are recorded when placed into service at their cost. All fixed assets are depreciated on a straight-line basis over their estimated useful life; the estimated useful life for computers and equipment is 5 years. Depreciation expense for the year totaled \$9,356.

Property and equipment consist of the following at June 30, 2023:

Computers and Equipment	\$	177,970
Less: Accumulated Depreciation		(123,910)
	<b><u>\$</u></b>	<b><u>54,060</u></b>

**NOTE F: ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accrued expenses appearing on the Statement of Financial Position as of June 30, 2023, are for expenses and professional fees incurred in the normal course of operations and are unpaid as of June 30, 2023.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE G: ACCRUED PAYROLL AND RELATED LIABILITIES**

Accrued payroll totaling \$46,142 appearing on the Statement of Financial Position as of June 30, 2023, is related to payroll costs incurred for June wages that were paid in July.

**NOTE H: ACCRUED COMPENSATED ABSENCES**

The Organization provides employees paid time for vacation, sick and personal days, depending on job classification, length of service, and other factors. Employees may carry over a balance of vacation days from one year to the next depending on the number of years of employment as follows: after the 1st and 2nd year of employment 10 days, after the 3rd, 4th and 5th year of employment 15 days and after the 6th year and thereafter of employment 20 days. Full-time employees with six months of continuous experience will be entitled to receive the unused vacation pay upon termination or voluntary resignation. Employees can accumulate up to 168 hours of sick leave. Sick days beyond 168 are forfeited. Unused sick time will not be compensated upon separation of employment. Unused personal days are converted to sick days on the employee's anniversary. The total accrual as of June 30, 2023, was \$87,781.

**NOTE I: DEFERRED REVENUE**

Deferred revenue appearing on the Statement of Financial Position as of June 30, 2023, in the amount of \$205,875 represents unearned grant and contract revenue that is expected to be earned in the subsequent year.

**NOTE J: DEFINED CONTRIBUTION RETIREMENT PLAN 403(b)**

The Organization offers its full-time employees who have completed one full year of service an employer contribution to a 403(b) account equivalent to 1% of their annualized, base salary. At each anniversary, the Organization will make such an annual contribution. This benefit is subject to availability of funds and revision or termination at the discretion of the Organization. The total related expense for the year ended June 30, 2023, was \$8,921.

**NOTE K: CONTRIBUTED SERVICES**

The Organization recognizes contributed services revenue when either the service (a) creates or enhances a long-lived asset or (b) requires specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by contribution. The amounts reflected in the accompanying financial statements as contributed services revenue is offset by like amounts included in the appropriate expenses. The Organization received \$25,250 of donated legal services and \$44,800 of donated consulting services for the year ended June 30, 2023.

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE L: LIQUIDITY DISCLOSURE**

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and Cash Equivalents	\$	1,053,646
Accounts Receivable		718,618
Less: Donor Restricted Net Assets		(156,925)
		\$ 1,615,339
		\$ 1,615,339

**NOTE M: NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2023, Net Assets with Donor Restrictions totaled \$156,925. The restrictions are related to settlement revenue received during the current fiscal year. The Organization must obtain written approval to spend these funds. The Organization obtained approval to spend these funds subsequent to year-end.

**NOTE N: CONCENTRATIONS OF CREDIT RISK**

- A. The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies (Agencies). Such audits may result in disallowances and a request for a return of funds. There are no open audits from the Agencies and the Organization is not aware of any disallowances that may result in a request for a return of funds.
- B. During the year ended June 30, 2023, the Organization received approximately 58% of its total revenue from two funders.

**NOTE O: REVENUE FROM CONTRACTS WITH CUSTOMERS**

Disaggregation

The following table disaggregates the revenue from the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended June 30, 2023:

Disaggregation of Revenue:		
Revenue recognized over time:		
Earned Income from contracted services	\$	2,049,197
Total revenue from contracts with customers		\$ 2,049,197
		\$ 2,049,197

**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS, concluded**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE O: REVENUE FROM CONTRACTS WITH CUSTOMERS (concluded)**

The fiscal year 2023 activity and balances of the receivable from contracts with customers for the year ended June 30, 2023, is as follows:

Contract Assets:		Contracted Services
Balance at June 30, 2022	\$	677,811
Collections during the year		(677,811)
Satisfaction of performance obligation prior to entitlement to payment		717,686
Balance at June 30, 2023	\$	717,686

**NOTE P: COVID-19 PANDEMIC**

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, consumers, employees, and vendors, all of which cannot be reasonably predicted at this time. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the Organization's financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on its ongoing activities and the potential effect on future contributions or funding and expenses, financial condition, and liquidity.

**NOTE Q: SUBSEQUENT EVENTS**

In connection with the preparation of financial statements, the Organization evaluated subsequent events after the financial statement date of June 30, 2023, thru February 5, 2024, which is the date the financial statements are available to be issued, for possible disclosure and recognition in the financial statements, and it was determined there were no further matters requiring disclosure, other than the potential impact of the COVID-19 pandemic, disclosed in Note P above.



**LONG ISLAND HOUSING SERVICES, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>ALN NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>		
<u>Direct Programs:</u>		
Education and Enforcement Initiative	14.416	\$ 65,688
Private Enforcement Initiative	14.418	357,857
HUD FHIP Private Enforcement Initiative-American Rescue Plan	14.418	179,143
<u>Passed-through Programs From:</u>		
State of New York Mortgage Agency	14.169	77,341
New York State Housing Finance Agency: Housing Counseling Assistance Program		
County of Nassau Office of Housing and Intergovernmental Affairs Community Development Block Grants/Entitlement Grants	14.218	113,491
County of Suffolk Office of Community Development Agency Community Development Block Grants/Entitlement Grants	14.218	34,368
Town of Babylon Community Development Agency Community Development Block Grants/Entitlement Grants	14.218	13,000
Town of Brookhaven Community Development Agency Community Development Block Grants/Entitlement Grants	14.218	4,325
Town of Huntington Community Development Agency Community Development Block Grants /Entitlement Grants	14.218	12,850
Town of Islip Community Development Agency Community Development Block Grants /Entitlement Grants	14.218	35,000
<u>NEIGHBORWORKS AMERICA</u>		
New York Mortgage Coalition Housing Stability Counseling Program	99.U19	35,032
<b>Total Expenditures of Federal Awards</b>		<b>\$ 928,095</b>

**LONG ISLAND HOUSING SERVICES, INC.**  
**Note to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Long Island Housing Services, Inc. under the programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Long Island Housing services, Inc., it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Organization.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles obtained in OMB Circular A-21, Cost Principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – PASS-THROUGH PROGRAMS**

Where the Organization received funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon Assistance Living (AL) number advised by the pass-through grantor. Identifying numbers, other than the AL numbers, which may be assigned by pass-through grantors are not maintained in the federal management system. The Organization her identified certain pass-through identifying numbers and included them in the schedule as available.

**NOTE 4 – INDIRECT COSTS**

Indirect costs are included in the reported expenditures to the extent that such costs are included in the federal financial reports used as the source document for the data presented. Long Island Housing Services, Inc. has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**NOTE 5 – MATCHING COSTS**

Matching costs, i.e.- the Organizations share of certain program costs, are not included in the reported expenditures.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors of Long Island Housing Services, Inc.  
New York, New York**

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

I have audited Long Island Housing Services, Inc. compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Long Island Housing Services, Inc. major federal programs for the year ended June 30, 2023. Long Island Housing Services, Inc. major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Long Island Housing Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The Organization did not meet the threshold requirement to undergo an audit for compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in the prior fiscal year.

**Basis for Opinion on Each Major Federal Program**

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Long Island Housing Services, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Long Island Housing Services, Inc. compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Long Island Housing Services, Inc. federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

My objectives is to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Long Island Housing Services, Inc. compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Long Island Housing Services Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Page 17

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)**

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Long Island Housing Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Long Island Housing Services, Inc. internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Long Island Housing Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

**Other Matters**

The results of my auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

*Government Auditing Standards* requires the auditor to perform limited procedures on Long Island Housing Services, Inc. response to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Long Island Housing Services, Inc. response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

**Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Long Island Financial Management Services***

February 5, 2024

Wantagh, New York

Page 18

**LONG ISLAND HOUSING SERVICES, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

Financial Statements

Type of auditors’ report issued: *Unmodified*  
 Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
  
 Significant deficiency(ies) identified that are not  
 considered to be material weaknesses? \_\_\_\_\_ yes  X  no  
  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
  
 Significant deficiency(ies) identified that are not  
 considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported  
  
 Type of auditors’ report issued on compliance for  
 major programs: *Unmodified*  
  
 Any audit findings disclosed that are required to be  
 reported in accordance with section 2 CFR  
 200.516(a) \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.418	US Department of Housing and Urban Development – Private Enforcement Initiative
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

A. Significant Deficiencies or Material Weaknesses

No material Weaknesses reported.

B. Compliance Findings

None reported

**LONG ISLAND HOUSING SERVICES, INC.**  
**Schedule of Findings and Questioned Costs (concluded)**  
**For the Year Ended June 30, 2023**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

C. Significant Deficiencies or Weaknesses

None reported

D. Compliance Findings

None reported

**SECTION IV – STATUS OF PRIOR FINDINGS**

None reported



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors of Long Island Housing Services, Inc.  
New York, New York**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Long Island Housing Services, Inc. for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, we considered Long Island Housing Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Long Island Housing Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Long Island Housing Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in Attachment A, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Long Island Housing Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Long Island Financial Management Services***

February 5, 2024

Wantagh, New York

Page 21

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**Attachment A- Significant Deficiencies- significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.**

OBSERVATION #1: During the course of the audit, it was noted that deferred revenue was booked for reimbursement-based contracts, for amounts not yet vouchered.

RECOMMENDATION #1: Deferred revenue and receivables should not be booked for unvouchered expenses on reimbursement-based contracts. The receivable and corresponding revenue should be booked when the expenses have been incurred and revenue earned.

OBSERVATION #2: During the course of the audit, it was noted that the prior year PTO accrual was never reversed.

RECOMMENDATION #2: A year-end close checklist should be maintained and utilized to ensure all year-end close entries are booked and prior year accruals are reversed, if applicable.

OBSERVATION #3: During the course of the audit, it was noted that net assets were not adjusted for restricted amounts arising from FY23 settlement revenue.

RECOMMENDATION #3: It is recommended that all revenue is reviewed as part of the year-end close and any restrictions are properly captured in the accounting system.